



**TUNGSTEN MINING NL**

**ABN 67 152 084 403**

**Half-Year Financial Report**

**31 December 2014**

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## Corporate directory

### Board of directors:

Gary Lyons (Non-executive Chairman)  
David Sanders (Non-executive Director)  
Chew Wai Chuen (Non-executive Director)  
Kong Leng (Jimmy) Lee (Non-executive Director)

### Chief executive officer:

Craig Ferrier

### Company secretary:

Mark Pitts

### Principal and registered office:

97 Outram Street  
West Perth, WA 6005

PO Box 517

West Perth, WA 6872

Telephone: +61 8 9486 8492

Facsimile: +61 8 9322 2370

Email: [admin@tungstenmining.com](mailto:admin@tungstenmining.com)

Website: [www.tungstenmining.com](http://www.tungstenmining.com)

### Issued capital as at 31 December 2014:

Fully paid ordinary shares: 212,652,708

Options: 16,800,000

### Stock exchange:

Australian Securities Exchange Limited

### Company code:

TGN

### Auditors:

Stantons International  
Level 2, 1 Walker Avenue  
West Perth, WA 6005  
Telephone: +61 8 9481 3188  
Facsimile: +61 8 9321 1204

### Bankers:

National Australia Bank Limited  
6/259 Bannister Road  
Canning Vale, WA 6155

### Share registry:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross, WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### Solicitors:

Bennett + Co  
Ground Floor, BGC Centre  
28 The Esplanade  
Perth, WA 6000  
Telephone: +61 8 6316 2200  
Facsimile: +61 8 6316 2211

## Directors' Report

Your directors submit their report for Tungsten Mining NL ('the Company' or 'the Parent') and for the Group, being the Company and its controlled entities, for the half year ended 31 December 2014.

### Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Gary Lyons*	Non-executive Chairman (appointed 16 July 2014)
David Sanders	Non-executive Director (appointed 2 April 2014)
Kong Leng (Jimmy) Lee	Non-executive Director (appointed 2 April 2014)
Chew Wai Chuen	Non-executive Director (appointed 17 April 2014)

\* Elected Non-executive Chairman 6 January 2015.

### Former directors

Patrick McManus	Non-executive Chairman (resigned 6 January 2015)
Paul Berndt**	Managing Director/Non-executive Director

\*\* Mr Berndt held the office of Managing Director until 31 July 2014 and resigned as a Non-executive Director on 21 November 2014.

### Company secretary

Mark Pitts (appointed 15 December 2014)  
Elizabeth Hunt (resigned 15 December 2014)

### Operating results

The net loss of the Group for the half year to 31 December 2014 was \$2,786,189 (31 December 2013: \$1,922,746). The net loss was largely due to expenditure on mineral exploration and evaluation.

### Review of operations

The focus of the Company's activities during the half year was the completion of a two phase drilling campaign at its flagship Kilba Project in the Ashburton region of Western Australia. Work was directed at increasing the confidence level of key areas of the Kilba Mineral Resource, testing strike extensions and obtaining diamond core for metallurgical test work prior to moving onto the feasibility study stage. In addition, a program of detailed geological mapping and surface sampling of other tungsten targets at Kilba and at Loves Find projects was also completed.

The Company drilled 115 reverse circulation (RC) holes for 9,391 metres and 13 HQ and PQ diamond holes for 686 metres on the 100% owned and granted Mining Lease 08/314. Infill drilling confirmed continuity of tungsten mineralisation at Kilba. The drilling data has been used to generate an updated Mineral Resource estimate that was announced to ASX on 30 January 2015.

## Directors' Report

The updated Indicated and Inferred Mineral Resource estimate for the Kilba Project is an Indicated Resource of 4.1 million tonnes at 0.25% WO<sub>3</sub> and an Inferred Resource of 0.83 million tonnes at 0.20% WO<sub>3</sub> for a total of 5.0 million tonnes at 0.24% WO<sub>3</sub> at Zones 8, 11 and 12. Infill drilling has improved the confidence level to 86% of contained metal falling within the Indicated category.

Category	Tonnes '000 t	WO <sub>3</sub> %	WO <sub>3</sub> t
Indicated	4,100	0.25	10,400
Inferred	830	0.20	1,700
<b>Total</b>	<b>5,000</b>	<b>0.24</b>	<b>12,100</b>

There has been a 50% increase in contained metal at Zone 8.

A program of “sighter” metallurgical test work was commissioned with Nagrom metallurgical laboratories in Kelmscott WA. The test work, which is still in progress, is testing the Kilba ore for amenability to a range of mineral processes including gravity separation (dense media, jigging, wet tabling, reflux classification), hydrocycloning, magnetic separation, grinding and flotation. This work will substantially assist in defining the scope of any future feasibility study metallurgical test work and process design elements.

The consolidated entity incurred and expensed exploration expenditure of \$2,432,243 (2013: \$200,725) during the period, predominately related to advancing the Kilba tungsten project as described above.

The updated geological block model is currently being utilised to assess mining options for Kilba, which along with the results of the aforementioned metallurgical test work program will assist in defining the scope of work for a formal feasibility study.

In November 2014, the Company announced that it had entered into a binding agreement with Cobre Montana NL (ASX:CXB) that provides for CXB to explore for lithium and other metals, on the shores of Lake Seabrook, approximately 60km north-east of Southern Cross, Western Australia. The agreement concerns tenements comprising Tungsten Mining's Koolyanobbing Project, notably E77/1853, E77/1854, E77/1855, E77/2021, E77/2022 and E77/2035 and extends to an area of influence of 20km outside of the Tungsten Mining Tenements. The Seabrook Rare Metals Venture provides CXB with a right to earn an 80% interest to all metals other than tungsten, the right of which remain or are vested in the Company. CXB is responsible for managing the joint land package and is also responsible for maintaining the tenements in good standing.

In August 2014 the Company announced management changes that resulted in the engagement of major shareholder, GWR Group Ltd, to provide management and technical services to the Company. This followed the resignation of Mr Paul Berndt as Managing Director (who subsequently resigned as a non-executive director on 21 November 2014) and appointment of Craig Ferrier (GWR Group Ltd, Chief Executive Officer) as Chief Executive Officer from 1 August 2014. Since the end of the period, Mr Gary Lyons (appointed as a non-executive director on 16 July 2014) has been elected Non-executive Chairman in place of Mr Patrick McManus, who resigned as a director on 6 January 2015.

## Directors' Report

### Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- (a) the group's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the group's state of affairs in future years.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 16.

Signed in accordance with a resolution of the Directors.



Gary Lyons  
Chairman  
Perth, 11 March 2015

### Competent Person's Statement

*The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources is based on, and fairly represents, information and supporting documentation prepared or compiled by Peter Bleakley, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bleakley is not a full-time employee of the company. Mr Bleakley is a consultant to the mining industry. Mr Bleakley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bleakley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2014

		Consolidated	
	Note	December 2014	December 2013
		\$	\$
Revenue	3	53,534	4,312
Administration expenses		171,614	295,103
Share based payment expenses		-	185,080
Exploration expenses	4	2,432,243	200,725
Project investment write off		-	900,000
Occupancy expenses		24,500	31,500
Remuneration expenses		211,366	314,650
<b>Loss before income tax</b>		<b>(2,786,189)</b>	<b>(1,922,746)</b>
Income tax expense/benefit		-	-
<b>Loss for the period</b>		<b>(2,786,189)</b>	<b>(1,922,746)</b>
Loss attributable to members of the Parent		(2,786,189)	(1,922,746)
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income/(loss) after tax		-	-
<b>Total comprehensive (loss) after tax</b>		<b>(2,786,189)</b>	<b>(1,922,746)</b>
Total comprehensive (loss) attributable to members of the Parent		(2,786,189)	(1,922,746)
Basic earnings/(loss) per share in cents		(1.31)	(2.42)
Diluted earnings/(loss) per share in cents		(1.31)	(2.42)

*The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying condensed notes.*

## Consolidated statement of financial position

As at 31 December 2014

		Consolidated	
		December 2014	June 2014
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	5	1,188,214	4,194,861
Trade and other receivables		178,260	56,170
Other assets		21,988	3,904
<b>Total current assets</b>		<b>1,388,462</b>	<b>4,254,935</b>
<b>Non-current assets</b>			
Exploration and evaluation	6	1,610,079	1,610,079
Plant and equipment		156,128	104,442
Total non-current assets		1,766,207	1,714,521
<b>Total assets</b>		<b>3,154,669</b>	<b>5,969,456</b>
<b>Current liabilities</b>			
Trade and other payables	7	251,561	266,347
Provisions		-	13,532
Total current liabilities		251,561	279,879
<b>Total liabilities</b>		<b>251,561</b>	<b>279,879</b>
<b>Net assets</b>		<b>2,903,108</b>	<b>5,689,577</b>
<b>Equity</b>			
Issued capital	8	13,599,073	13,599,353
Reserves	9	235,080	235,080
Accumulated losses		(10,931,045)	(8,144,856)
<b>Total equity</b>		<b>2,903,108</b>	<b>5,689,577</b>

*The consolidated statement of financial position should be read in conjunction with the accompanying condensed notes.*



## Consolidated statement of changes in equity

For the half year ended 31 December 2014

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	8,272,128	225,000	(5,289,327)	3,207,801
(Loss) for the period	-	-	(1,922,746)	(1,922,746)
Other comprehensive (loss)	-	-	-	-
Total comprehensive (loss) for the period	-	-	(1,922,746)	(1,922,746)
Shares issued during the period	618,252	-	-	618,252
Share issue transaction costs refund	4,156	-	-	4,156
Share based payments expense	175,000	10,080	-	185,080
<b>Balance at 31 December 2013</b>	<b>9,069,536</b>	<b>235,080</b>	<b>(7,212,073)</b>	<b>2,092,543</b>
<b>Balance at 1 July 2014</b>	13,599,353	235,080	(8,144,856)	5,689,577
(Loss) for the period	-	-	(2,786,189)	(2,786,189)
Other comprehensive (loss)	-	-	-	-
Total comprehensive (loss) for the period	-	-	(2,786,189)	(2,786,189)
Shares issued	34,562	-	-	34,562
Share issue transaction costs	(34,842)	-	-	(34,842)
Share based payments expense	-	-	-	-
<b>Balance as at 31 December 2014</b>	<b>13,599,073</b>	<b>235,080</b>	<b>(10,931,045)</b>	<b>2,903,108</b>

*The consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes.*

## Consolidated statement of cash flows

For the half year ended 31 December 2014

	Note	Consolidated	
		December 2014	December 2013
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(465,685)	(702,440)
Payments for exploration & evaluation		(2,472,888)	-
Interest received		38,250	4,312
<b>Net cash used in operating activities</b>		<u>(2,900,323)</u>	<u>(698,128)</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant & plant equipment		(60,488)	-
<b>Net cash used in investing activities</b>		<u>(60,488)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	600,000
Share issue (costs)/refund		(45,836)	4,156
<b>Net cash (used in)/provided by financing activities</b>		<u>(45,836)</u>	<u>604,156</u>
Net (decrease) in cash and cash equivalents		(3,006,647)	(93,972)
Cash and cash equivalents at the beginning of the period		4,194,861	673,988
<b>Cash and cash equivalents at end of period</b>	5	<u>1,188,214</u>	<u>580,016</u>

*The consolidated statement of cash flows should be read in conjunction with the accompanying condensed notes.*

## Condensed notes to the financial statements

For the half year ended 31 December 2014

### Note 1: Basis of preparation of the half-yearly financial report

The consolidated financial report is a general purpose condensed financial report for the half-year ended 31 December 2014, which has been prepared in accordance with AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

It is recommended that the half-year consolidated financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and considered with any public announcements made by Tungsten Mining NL during the half-year ended 31 December 2014 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

The half-year consolidated financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full and understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year consolidated financial statements have been prepared on the basis of accrual accounting and historical costs.

### Changes in accounting standards

The Group has considered the implications of new and amended Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 but determined that their application to the financial statements is either not relevant or not material.

### Key Judgment - Going Concern

The Group incurred an operating loss of \$2,786,189 for the period ended 31 December 2014 (31 December 2013: \$1,922,746) and a net cash outflow from operating activities amounting to \$2,900,323 (31 December 2013: \$698,128). The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The directors believe this is appropriate for the following reasons:

- At balance date the Group had cash and cash equivalents of \$1,188,214 (June 2014: \$4,194,861) and a working capital surplus of \$1,136,901 (June 2014: \$3,975,056);
- The Group has the ability to materially reduce its cash outgoings given the status of work programs and the Company's operating structure;
- The Group has the demonstrated capacity to raise fresh equity to fund exploration and development activities as required; and
- The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flow to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report.

## Condensed notes to the financial statements

For the half year ended 31 December 2014

### Note 2: Segment reporting

The consolidated entity has based its operating segments on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The consolidated entity currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria the consolidated entity has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in Note 1 on a whole of entity basis.

### Note 3: Revenue

	Consolidated	
	December 2014	December 2013
	\$	\$
Interest received	38,250	4,312
Sundry income	15,284	-
	<u>53,534</u>	<u>4,312</u>

### Note 4: Exploration expenses

Exploration expenditure written-off	<u>2,432,243</u>	<u>200,725</u>
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The exploration expenditure incurred in the current reporting period predominantly relates to the cost of RC and diamond drilling programmes at the Kilba project.

## Condensed notes to the financial statements

For the half year ended 31 December 2014

### Note 5: Cash and cash equivalents

	Consolidated	
	December 2014	June 2014
	\$	\$
Cash at bank	182,822	4,173,951
Short term deposits	1,005,392	20,910
	<u>1,188,214</u>	<u>4,194,861</u>

### Note 6: Exploration and evaluation

Balance at the beginning of period	1,610,079	2,560,079
Option fees paid	-	(50,000)
Northern Minerals Mosquito Creek designated mineral rights written off	-	(900,000)
	<u>1,610,079</u>	<u>1,610,079</u>

The Company capitalises the acquisition costs in accordance with its accounting policy for exploration and evaluation expenditure. The ultimate recoupment of acquisition costs carried forward in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

In the comparative period, the option fees paid and the consideration for the acquisition of Northern Minerals Mosquito Creek designated mineral rights were expensed as the Company has withdrawn from the designated mineral rights agreement.

### Note 7: Trade and other payables

	Consolidated	
	December 2014	June 2014
	\$	\$
Trade and other payables	208,306	160,992
Accrued expenses	43,255	105,355
	<u>251,561</u>	<u>266,347</u>

## Condensed notes to the financial statements

For the half year ended 31 December 2014

### Note 8: Issued capital

	Consolidated	
	December 2014	June 2014
	\$	\$
Ordinary shares fully paid	13,599,073	13,599,353
<b>Ordinary Shares</b>	<b>Number</b>	<b>\$</b>
<b>Opening balance at 1 July 2014</b>	211,990,601	13,599,353
Issue of 662,107 shares under Director & Senior Management Fee & Remuneration Sacrifice Share Plan	662,107	34,562
Equity raising costs related to prior period entitlements issue		(34,842)
<b>Closing balance at 31 December 2014</b>	<b>212,652,708</b>	<b>13,599,073</b>

### Note 9: Reserves

	Consolidated	
	December 2014	June 2014
	\$	\$
Unlisted option reserve	235,080	235,080
	<b>Number of options</b>	<b>\$</b>
<b>Opening balance at 1 July 2014</b>	16,800,000	235,080
Options issued during the period	-	-
<b>Closing balance at 31 December 2014</b>	<b>16,800,000</b>	<b>235,080</b>

### Note 10: Controlled entities

Tungsten Mining NL is the ultimate parent entity of the consolidated group.

The following was a controlled entity at balance date and has been included in the consolidated financial statements. All shares held are ordinary shares.

Subsidiaries	Country of Incorporation	Percentage Interest Held 31 December 2014	Percentage Interest Held 30 June 2014	Date Acquired/ Incorporated
BRL Exploration Pty Ltd	Australia	100	100	13/03/2012
SM3-W Pty Ltd	Australia	100	100	13/12/2012

## **Condensed notes to the financial statements**

**For the half year ended 31 December 2014**

### **Note 11: Contingent liabilities**

The Group is not aware of any significant contingencies since the last annual reporting date.

### **Note 12: Events subsequent to balance date**

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in the future financial years.

## Directors' declaration

The Directors of Tungsten Mining NL declare that:

- (a) the consolidated financial statements and notes set out on page 6 to 14 are in accordance with the Corporations Act 2001 and:
- give a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the half-year ended 31 December 2014; and
  - comply with AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors, made pursuant to S.303 (5) of the Corporations Act 2001.



Gary Lyons

**Chairman**

Perth, 11 March 2015



11 March 2015

Board of Directors  
Tungsten Mining NL  
97 Outram Street  
West Perth WA 6005

Dear Sirs

**RE: TUNGSTEN MINING NL**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tungsten Mining NL.

As Audit Director for the review of the financial statements of Tungsten Mining NL for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Martin Michalik**  
**Director**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
TUNGSTEN MINING NL**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Tungsten Mining NL, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Tungsten Mining NL (the consolidated entity). The consolidated entity comprises both Tungsten Mining NL (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Tungsten Mining NL are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tungsten Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Tungsten Mining NL on 11 March 2015.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tungsten Mining NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**

**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
11 March 2015